

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 9, 2008

Members of the Board
Township Ambulance Authority
Antrim County, Michigan

I have audited the financial statements of the Township Ambulance Authority for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of my audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

Auditors' Responsibility under U.S. Generally Accepted Auditing Standards

I conducted my audit of the financial statements of the Township Ambulance Authority in accordance with auditing standards generally accepted in the United States. The following paragraph explains my responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. My knowledge of such transactions is limited to that acquired through my audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, my responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances,

makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient, competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at a reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financials are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in my opinion."

Significant Accounting Policies

The significant accounting policies are described in Note 1 to the financial statements.

Other Communications

Auditing standards call for me to inform you of other significant issues such as, but not limited to: 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

I have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

Internal Control Matters

In the audit process, I gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. My understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A **control deficiency** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to

initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A **material weakness** is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal control. My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I consider each of the following significant deficiencies to be a material weakness.

Segregation of Duties

A properly designed system of internal control segregates the accounting responsibilities from employees who have access to physical assets such as cash, investments and payroll, from authorization and approval of transactions and account reconciliations. The small size of the administrative staff precludes a complete segregation of duties resulting in more than a remote risk that material misstatements could occur and not be detected in the normal course.

Reporting Financial Data

The above definition of a significant deficiency includes any condition that adversely affects the ability to report financial data in accordance with generally accepted accounting principles ("GAAP"). As a matter of convenience, the Organization has always relied upon its auditors to prepare financial statements and related notes and supplemental schedules for external reporting in accordance with GAAP. As a consequence, the Organization has not developed the tools and resources necessary to enable its employees to prepare reports in conformity with GAAP in the normal course of performing their assigned functions. The Organization has committed the resources necessary to meet its internal reporting needs. In this regard, it is not unlike many other organizations of its size.

Summary

This information is intended solely for the use of the Board and Management of the Township Ambulance Authority and is not intended to be and should not be used by anyone other than these specified parties.

I welcome any questions you may have regarding the foregoing comments, and would be happy to discuss any of these or other questions that you might have at your convenience.

Respectfully Yours,



Daniel S. Smith, CPA

TOWNSHIP AMBULANCE AUTHORITY

ANTRIM COUNTY

FINANCIAL STATEMENTS

MARCH 31, 2008

TOWNSHIP AMBULANCE AUTHORITY

CENTRAL LAKE

STANLEY BEAN

CHESTONIA

ROBERT BECKNER

CUSTER

ROBERT RICKSGERS

FOREST HOME

TERRY SMITH

HELENA

BRUCE WIERMAN

KEARNEY

TIM COMBEN

MANCELONA

MAURICE MCGLEISH

STAR

DONNA SIMONS

WARNER

MATTHEW DOBRZELEWSKI

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DAN
SMITH

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

June 2, 2008

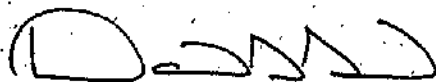
Members of the Board
Township Ambulance Authority

I have audited the accompanying financial statements of the governmental activities and the major fund information of the Township Ambulance Authority, Antrim County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund information of the Township Ambulance Authority, Antrim County, Michigan as of March 31, 2008, and the respective changes in financial position, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, which immediately follows the Independent Auditor's Report and the budgetary comparison information on page 14, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.



Daniel S. Smith, CPA

TOWNSHIP AMBULANCE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Township Ambulance Authority annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended March 31, 2008. Please read it in conjunction with the financial statements that immediately follow this section.

Financial Highlights

Our financial status improved over the last year. Assets increased by approximately \$146,106. Total assets are now \$887,002 of which \$264,816 represents capital assets.

Overall revenues were \$541,300 and overall expenses were \$395,194 in the statement of activities.

The Authority spent \$113,702 on new equipment and furnishings, and \$30,171 on the new ambulance facility.

Overview of the Financial Statements

This annual report consists of three parts; management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the entity.

The first two statements are entity wide financial statements and provide both long and short-term information about our overall financial status. These statements present government activities.

The remaining statements are fund financial statements, which focus on detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

Entity Wide Statements

The entity wide statements report information about the Authority as a whole, using accounting methods used by private companies. The statement of net assets includes all the Authority's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity wide statements report net assets and how they have changed. Net assets are the difference between the Authority's assets and liabilities and this is one method to measure the Authority's financial health or position.

Over time, increases or decreases in the Authority's net assets are an indicator of whether financial position is improving or deteriorating.

Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's funds. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The entity has the following kind of funds:

Governmental Fund – All of the Authority's activities are included in one general fund, classified in the governmental fund category. This fund is presented on the modified accrual basis, which is designed to show short-term financial information. You will note that differences between the entity wide statements and the fund statements are disclosed in the reconciling financial statements to explain the difference between them.

Financial Analysis of the Entity as a Whole

Net Assets – the Authority's net assets increased by \$146,106 during the year ended March 31, 2008, totaling \$887,002, of which \$334,816 is invested in capital or other assets, leaving \$552,186 in unrestricted net assets. The increase in net assets is due primarily to conservative spending by the Authority. The unrestricted net assets will be used for future capital asset purchases and operating expenses.

Financial Analysis of the Authority's Funds

Fund Balance – the Authority's fund balance increased by \$97,091, bringing the total fund balance to \$552,186.

Capital/Other Assets

Our capital asset purchases include a new ambulance (\$104,970), new building costs (\$30,171) and furniture & fixtures for the new building (\$8,732). Our total net capital/other assets at year end were \$334,816

Long-term Debt

The Authority has no long-term debt.

Known Factors affecting Future Operations

None.

Contacting Authority Management

This financial report is designed to provide our taxpayers and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the revenues it receives. If you have any questions concerning this report, please contact the following members of the Authority:



Terry Smith, Forest Home Township

Maurice McGleish, Mandelona Township

**TOWNSHIP AMBULANCE AUTHORITY
STATEMENT OF NET ASSETS
MARCH 31, 2008**

ASSETS

Current Assets:

Cash	\$ 337,926
Certificate of Deposit	106,647
Current Taxes Due from Townships	60,433
Delinquent Taxes Receivable	47,180
	<hr/>
Total Current Assets	552,186
	<hr/> <hr/>

Capital Assets:

Fixed Assets - Original Purchase	36,000
Vehicles	263,747
Equipment & Furnishings	56,913
Building Costs	54,026
	<hr/>

	410,686
Less, Accumulated Depreciation	(145,870)
	<hr/>

Total Capital Assets	264,816
	<hr/>

Security Deposit - Building	70,000
	<hr/>

Total Assets	887,002
	<hr/> <hr/>

LIABILITIES

Accounts Payable	\$ -
	<hr/>

NET ASSETS

Unrestricted Net Assets	552,186
Investment in Capital/Other Assets	334,816
	<hr/>

Total Net Assets	\$ 887,002
	<hr/> <hr/>

See accompanying notes to the financial statements

**TOWNSHIP AMBULANCE AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008**

	P R O G R A M R E V E N U E S				NET REVENUE/ (EXPENSE) AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	CAPITAL GRANTS & CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES					
Ambulance Service	\$ (395,194)	-	-	-	\$ (395,194)
GENERAL REVENUES					
Property Taxes:					
Forest Home					111,907
Kearney					94,020
Central Lake					80,340
Mancelona					63,814
Helena					67,716
Custer					64,228
Star					28,044
Warner					12,714
Chestonia					13,073
Delinquent Personal Property Taxes					2,596
Interest Income					2,848
Total General Revenues					541,300
CHANGE IN NET ASSETS					146,106
NET ASSETS - APRIL 1, 2007					740,896
NET ASSETS - MARCH 31, 2008					\$ 887,002

See accompanying notes to the financial statements

**TOWNSHIP AMBULANCE AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
MARCH 31, 2008**

	GENERAL FUND
ASSETS:	
Cash	\$ 337,926
Certificate of Deposit	106,647
Taxes Receivable:	
Current Taxes Due from Townships	60,433
Delinquent Taxes - County	47,180
	<hr/>
Total Assets	552,186
	<hr/> <hr/>
LIABILITIES:	
Accounts Payable	\$ -
	<hr/>
FUND EQUITY:	
Fund Balance - Undesignated	552,186
	<hr/>
Total Fund Equity	552,186
	<hr/>
Total Liabilities and Fund Equity	\$ 552,186
	<hr/> <hr/>

See accompanying notes to the financial statements

**TOWNSHIP AMBULANCE AUTHORITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2008**

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES PER BALANCE SHEET - PAGE 3	\$ 552,186
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Amounts reported for governmental activities in the Statement of Net Assets (page 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore not used in the funds.	264,816
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The Security Deposit listed in the Statement of Net Assets is a long-term amortizable asset, therefore, not included in the Genral Fund Balance Sheet	70,000
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TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES PER STATEMENT OF NET ASSETS - PAGE 1	\$ 887,002
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See accompanying notes to the financial statements

**TOWNSHIP AMBULANCE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2008**

	GENERAL FUND
<hr/>	
REVENUES:	
Property Taxes:	
Forest Home	\$ 111,907
Kearney	94,020
Central Lake	80,340
Helena	67,716
Custer	64,228
Mancelona	63,814
Star	28,044
Chestonia	13,073
Warner	12,714
Delinquent Personal Prop. Taxes	2,596
Interest Income	2,848
	<hr/>
Total Revenues	541,300
	<hr/>
EXPENDITURES:	
Contractual Services	127,459
Building Lease Payments	129,780
Capital Outlay	142,953
Fuel	18,524
Utilities	5,427
Communications	4,887
Misc./Maint./Operating Supplies	4,414
Snowplowing	3,200
Audit	2,500
Insurance	1,926
Mileage Reimbursement	1,560
Office Supplies	845
Legal Services	571
Postage	163
	<hr/>
Total Expenditures	444,209
	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	97,091
	<hr/>
FUND BALANCE - APRIL 1, 2007	455,095
	<hr/>
FUND BALANCE - MARCH 31, 2008	\$ 552,186
	<hr/> <hr/>

See accompanying notes to the financial statements

**TOWNSHIP AMBULANCE AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008**

NET CHANGE IN FUND BALANCES

TOTAL GOVERNMENTAL FUNDS - PAGE 5	\$	97,091
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Amounts reported for governmental activities in the statement of activities (page 2) are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives.		143,873
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Depreciation expense is recorded in the statement of activities but not in the governmental fund financial statements.		(49,858)
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The Security Deposit related to the building rent is recorded as an expenditure in the fund statement, however, only that portion that is amortized is expensed in the Statement of Activities.		(45,000)
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CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES PER THE STATEMENT OF ACTIVITIES - PAGE 2		
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	\$	146,106
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See accompanying notes to the financial statements

**TOWNSHIP AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

NOTE A: ENTITY

The Township Ambulance Authority was established under Public Act 57 of 1988, in November, 2002, in order to provide a stable and reliable ambulance service to the participating Townships: Central Lake, Chestonia, Custer, Forest Home, Helena, Kearney, Mancelona, Star and Warner. Each township will have one resident represented on the nine member board. Upon dissolution, all assets and debts of the Authority shall be divided among the member townships according to each township's state equalized value – and its relationship to the Authority's state equalized value.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting framework and the more significant accounting principles and practices of the Township Ambulance Authority are discussed in subsequent sections of this note. The remainders of the Notes are organized to provide explanations, including required disclosures of the Authority's financial activities.

The accounting policies of the Township Ambulance Authority conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On April 1, 2003, the Township Ambulance Authority adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Authority's financial statements has shifted from a fund focus to a government-wide focus.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Authority as a whole.

**TOWNSHIP AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one functional activity. The Authority has one fund and one functional activity – ambulance services. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Authority's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for the Authority's governmental fund.

The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

FUND TYPE AND MAJOR FUND

Governmental Fund

The Authority reports the following major governmental fund:

General Fund- This fund is used to account for all financial transactions of the Township Ambulance Authority. The Authority's primary source of revenue is from Township property taxes "earmarked" for ambulance services. These taxes are received from the nine participating Townships throughout the year.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Authority does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**TOWNSHIP AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as a reduction to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurably available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Authority considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes and investment income. In general, other revenues are recognized when cash is received.

BUDGET

An annual budget is required of the Township Ambulance Authority. The budget is open to the public for their consideration before final adoption. The Townships also individually review and approve the budget. Upon completion of the public hearing, the budget was adopted on a fund level using the modified accrual basis of accounting. The budget was amended as necessary throughout the year. Both the original and amended budgets are presented in these financial statements, as a part of required supplementary information. Budgets as adopted end on March 31st of each year. There are no carryover budget items.

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2008, the general fund incurred expenditures less than its final budget by \$85,739.

**TOWNSHIP AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RESTRICTED RESOURCES

The Authority currently has no restricted resources.

CAPITAL ASSETS AND DEPRECIATION

The Authority's property, plant, and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Authority has no infrastructure assets. Donated assets are stated at fair value on the date donated. The Authority generally capitalizes assets with a cost of \$1,000 or more.

Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful live, in years, for depreciable assets are as follows:

Buildings and Improvements	25 - 40
Land Improvements	10 - 20
Furniture, Machinery, and Equipment	5 - 10
Vehicles	5 - 10

Land and construction in progress are not depreciated.

For information describing capital assets, see Note E.

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND
DISCOUNTS/PREMIUMS**

The Township Ambulance Authority currently has no debt.

**TOWNSHIP AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

NOTE C: CASH AND INVESTMENTS

Cash consists of bank accounts with original maturities of 90 days or less.

All cash deposits are maintained in financial institutions in the Antrim County area. The Authority's deposits are categorized to give an indication of the level of risk assumed by the Authority at fiscal year-end. The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the Authority or by its agent in the Authority's name.

Category 2 - Collateralized with securities held by the pledging Financial institution's trust department or agent in the Authority's name.

Category 3 - Uncollateralized and uninsured.

	Bank Balance	Category 1	2	3	Carrying Amount
Cash Deposits	444,573	200,000	-	244,573	444,573

NOTE D: TAXES RECEIVABLE

The following amounts were due from the participating townships at March 31, 2008:

	<u>Current Taxes</u>	<u>Delinquent Taxes</u>
Central Lake	\$ 4,556	7,132
Chestonia	391	1,818
Custer	42	5,908
Forest Home	44,821	5,113
Helena	430	4,583
Kearney	8,693	9,028
Mancelona	3	9,173
Star	1,390	3,695
Warner	107	730
	<u>\$ 60,433</u>	<u>\$ 47,180</u>

**TOWNSHIP AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

NOTE E: CAPITAL ASSETS AND DEPRECIATION

The following table provides a summary of changes in capital assets:

CAPITAL ASSETS DEPRECIATED

	<u>VEHICLES</u>	<u>FURNITURE & EQUIPMENT</u>	<u>BUILDINGS</u>	<u>TOTALS</u>
<u>Governmental Activities</u>				
Balance, April 1, 2007	\$ 158,777	\$ 84,181	\$ 23,855	\$266,813
Increases	104,970	8,732	30,171	143,873
Decrease	-	-	-	-
Balance, March 31, 2008	<u>263,747</u>	<u>92,913</u>	<u>54,026</u>	<u>410,686</u>
<u>Governmental Activities</u>				
Accumulated Depreciation				
Balance, April 1, 2007	49,012	46,403	597	96,012
Increases	34,797	13,710	1,351	49,858
Decreases	-	-	-	-
Balance, March 31, 2008	<u>83,809</u>	<u>60,113</u>	<u>1,948</u>	<u>145,870</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 179,938</u>	<u>\$ 32,800</u>	<u>\$ 52,078</u>	<u>\$ 264,816</u>

NOTE F: CONTRACTS

The Authority has entered into an "Ambulance Management Service Contract" with Allied EMS Systems, Inc. and Life + Link (both Michigan nonprofit corporations). In summary, the Authority purchased Life + Link's capital assets for \$36,000 and contracted with Allied for operational ambulance services. A subsidy shall be paid by the Authority to Allied to "cover" the estimated total operating loss for each calendar year. For 2008, the estimated loss is \$203,556, of which \$50,889 (25%) was paid in December, 2007. Additionally \$76,570 was paid in January, 2008, to cover the remaining loss for 2007.

The contract term is January 1 through December 31 and is renewable annually.

NOTE G: INSURANCE

The Authority does maintain "bond surety" coverage for certain board members. Liability coverage is part of the contractual agreement with Allied.

**TOWNSHIP AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

NOTE H: SECURITY DEPOSIT

The Authority entered into a long-term lease with Kearney Township to rent the "new" ambulance building located in Bellaire, MI. The lease called for a \$120,000 security deposit. The deposit will be "utilized" through a \$2,500 reduction in the monthly base rent for 48 months. The balance of the security deposit at March 31, 2008 is \$70,000.

NOTE I: LONG-TERM LEASE

The Authority has entered into a long-term lease with Kearney Township to rent the "new" ambulance building located in Bellaire, MI. The base rent is essentially based on the cost to construct the new facility. The term of the lease is four years, commencing February 1, 2007. The base monthly rent is \$9,710. The future obligations are as follows:

	Base Rent	Security Deposit Utilization	Net Rent Obligation
2008-09	\$ 116,520	\$ 30,000	\$ 86,520
2009-10	116,520	30,000	86,520
2010-11	48,550	10,000	38,550
	<u>\$ 281,590</u>	<u>\$ 70,000</u>	<u>\$ 211,590</u>

When the Authority completes its "obligations" to Kearney Township under the terms of the lease, it has the option to purchase the building for \$1.00 (one dollar). If the purchase option is exercised, the building value will be recorded as a capital asset at its estimated market value on the date of purchase.

For the year ended March 31, 2008, the Authority decided to accelerate its lease payments beginning in September, 2007. The total lease payments recorded in the General Fund were \$129,780, or eighteen payments of \$7,210.

TOWNSHIP AMBULANCE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
REVENUES:				
Property Taxes:				
Forest Home	\$ 111,000	\$ 111,000	\$ 111,907	\$ 907
Kearney	94,000	94,000	94,020	20
Central Lake	80,000	80,000	80,340	340
Mancelona	63,500	63,500	63,814	314
Helena	67,000	67,000	67,716	716
Custer	64,000	64,000	64,228	228
Star	28,000	28,000	28,044	44
Warner	12,500	12,500	12,714	214
Chestonia	13,000	13,000	13,073	73
Delinquent Personal Prop. Taxes	-	-	2,596	2,596
Interest Income	-	-	2,848	2,848
Total Revenues	533,000	533,000	541,300	8,300
EXPENDITURES:				
Contractual Services	216,504	216,504	127,459	89,045
Building Lease Payments	86,520	100,020	129,780	(29,760)
Capital Outlay	123,000	164,991	142,953	22,038
Fuel	20,000	20,000	18,524	1,476
Utilities	5,400	5,400	5,427	(27)
Communications	5,200	5,200	4,887	313
Misc./Maint./Oper. Supplies	1,000	1,000	4,414	(3,414)
Snowplowing	-	2,233	3,200	(967)
Audit	3,000	3,000	2,500	500
Insurance	2,500	2,500	1,926	574
Mileage Reimbursement	500	500	1,560	(1,060)
Supplies	1,000	1,000	845	155
Legal Services	6,000	6,000	571	5,429
Postage	100	100	163	(63)
Education	1,000	1,000	-	1,000
Meals & Lodging	500	500	-	500
Total Expenditures	472,224	529,948	444,209	85,739
Excess (Deficiency) of Revenues Over Expenditures	60,776	3,052	97,091	94,039
FUND BALANCE - APRIL 1, 2007	455,095	455,095	455,095	-
FUND BALANCE - MARCH 31, 2008	\$ 515,871	\$ 458,147	\$ 552,186	\$ 94,039

See accompanying notes to the financial statements